

Internal Revenue Service

District  
Director

Department of the Treasury

230 South Dearborn Street  
Chicago, Illinois 60604

Employer Identification Number:

Person to Contact:

Telephone Number:

Refer Reply to:

Internal Revenue Service

CERTIFIED

Date: DEC 07 1985

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were formed on [REDACTED] as an unincorporated association.

You stated in your Articles of Association that your purpose is to organize vegetable growers within a [REDACTED] mile radius of the [REDACTED] area into a cooperative farmers market to provide a successful local market for the locally grown produce. A sample advertisement is attached as Exhibit 1.

Membership in your organization is open to anyone raising fruits, vegetables, flowers, herbs, etc. within a [REDACTED] mile radius of [REDACTED].

The primary activity of your organization is to operate a farmers market where produce grown by your members is offered for sale to the general public. In order to promote the market, you collect dues and stall rents from your members. Substantially all of your income is derived from membership dues and assessments. Your primary expense is advertising.

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common

business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder.

According to Rev. Rul. 58-224, 1958-1 C.B. 242, an organization which operates a trade show as its sole or principal activity primarily for the purpose of rendering particular services to individual persons is not entitled to exemption from Federal income tax under Section 501(c)(6) of the Code.

According to Rev. Rul. 59-234, 1959-2 C.B. 149, a real estate board whose primary purpose or activity is the operation of a multiple listing system is considered to be rendering particular services for its members and is not exempt from Federal income tax as an organization described in Section 501(c)(6) of the Code.

You do not qualify for exempt status under Section 501(c)(6) because you are similar to the organizations described in the above rulings. A centrally located farmers market serves your members as a convenience and economy in selling their produce. Your activities are directed at the performance of particular services for your members and are outside the scope of exempt status under Section 501(c)(6) of the Code.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If we do not hear from you within 30 days from the date of this letter, this determination will become final.

You are required to file Federal Income Tax Returns.

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

Sincerely yours,

Bobby E. Scott  
District Director

Enclosures:  
Publication 892  
Form 6018